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SUBJECT: REMOTE RIO SAN JUAN HAS MUCH UNDEVELOPED POTENTIAL

REF: MANAGUA 1400

¶1. (U) Summary: During a June 21 to 23 trip to the remote Nicaraguan department of Rio San Juan, poloff and political specialist met with political, business, and religious leaders to discuss economic and social conditions in the area. We learned that the economy is largely based on the exploitation of natural resources, with small but growing tourism and craft industries. As with most areas in the Central and Atlantic Coast regions, the department suffers from a lack of transportation infrastructure and utilities. Many Nicaraguans emigrate from and through Rio San Juan to Costa Rica for better wages and employment opportunities. We also visited the Solentiname archipelago, whose residents developed an art and handicrafts industry in the late 1970s and 1980s under the tutelage of Sandinista activist and (now ex-) priest Ernesto Cardenal. End Summary.

¶2. (U) The largely rural department of Rio San Juan's population is about 96,000 -- the fewest inhabitants of any Nicaraguan department or region. The economy of Rio San Juan is based on fishing, ranching and milk cows, lumber, tourism and handicrafts. The senior Catholic priest in the Department, Father Luis Zavala, characterized the population as 10 percent middle class and 90 percent lower class. Most agricultural producers in Rio San Juan operate on a small scale, largely subsistence farming, and are unable to obtain commercial loans to increase their holdings.

¶3. (U) Economic development is stymied by a generalized lack of utilities and transportation infrastructure. Power failures for up to three days are routine. The "highway" from Juigalpa to San Carlos is a potholed disaster -- a bus ride to Managua takes six to eight hours. The San Carlos airstrip is a dirt track with no security features, not even a fence. (The daily flight from Managua must often circle the runway to check for grazing livestock.) A ferry from Granada arrives in San Carlos two days a week, but the journey across the lake to central Nicaragua also requires several hours. El Almendro mayor Ufredo Arguello explained that Rio San Juan producers are not competitive with others in Nicaragua because of the small scale of their holdings and high transportation costs.

LUMBER INDUSTRY: "DAMAGE ALREADY DONE"

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¶4. (SBU) According to Father Pablo Alexis, lumber is an important economic activity in the municipality of El Castillo; however, independent lumberjacks only receive about 30-50 cordobas (US\$1.70-\$2.85) per tree for lumber that is worth hundreds of dollars when processed. Ufredo Arguello complained that the heavy trucks used to remove the timber have further degraded roads in the Department. He stated

that the current GON prohibition on lumber exports was
instated "too late" -- "the damage has already been done."

FISHING EMPLOYS LARGE PERCENTAGE OF WORKFORCE

15. (U) Martin Aguilar Bendana, President of the Rio San Juan Fisherman's Association, explained to us that Rio San Juan has a "great potential for export of fish" but lacks the necessary infrastructure to develop the industry. The Association represents three cooperatives and is trying to obtain legal recognition ("personeria juridica"), but cannot pay for a lawyer in Managua to process the paperwork.

16. (U) According to Bendana, the fishing industry employs 3,000 people in the Department, all of whom use "traditional methods" to fish. The fishermen are trained to only take adult fish of a certain size to preserve the stocks. Apprentices are at least 16 years old (though Bendana admitted that the law specifies a minimum age of 18 years). The average fisherman can earn 600-700 cordobas per day (US\$34-\$40) gross, but can usually only fish for three days a week due to lack of supplies. The catch is shipped to Managua and points abroad via ice-packed coolers.

17. (SBU) Despite the importance of the fishing industry, Bendana complained that neither the GON nor the international community has provided assistance to improve conditions. Apparently the Italian Association for Rural Cooperation in Africa and Latin America (ACRA) allocated 300,000 euros to build a modern processing plant in the Department, but the project was never completed.

MANY IN RIO SAN JUAN DEPEND ON COSTA RICA FOR JOBS, SERVICES

18. (SBU) Migration from and through Rio San Juan to Costa Rica is considerable. Father Alexis noted that many Nicaraguans leave the Department during the Costa Rican harvest season from November to March. He claimed that the Costa Ricans have instituted a policy of deporting Nicaraguans far from their zone of entry to try to avoid immediate returns (for example, a Nicaraguan who entered through the Department of Rivas in western Nicaragua would be deported to Rio San Juan). Father Zavala stated that families use remittances from the migrant workers "to survive, not buy luxuries." Ufredo Arguello complained that "the best workers go to Costa Rica" for wages three to four times greater than what they could expect in Nicaragua.

19. (U) The residents living in the remote area of Rio San Juan lying south of Lake Nicaragua between the Rio Frio and the border of Rivas department must depend on Costa Rica for basic services. The common currency in this area is the Costa Rican colon, the children attend school in Costa Rica, and the citizens receive medical care from Costa Rican clinics. San Miguel mayor Carlos Fletes told us that the children in this area know the Costa Rican anthem by heart, but are ignorant of Nicaragua -- "it is a disgrace," he lamented.

SOLENTINAME: A UNIQUE LOCALE

10. (U) The archipelago of Solentiname, part of the Department of Rio San Juan, is located in the southern part of Lake Nicaragua, about a one-hour boat ride from the port of San Carlos. The population of approximately 1,000 lives primarily on the three largest islands: Mancarron, San Fernando, and Isla Venado (Deer Island). Solentiname's economy is based on fishing, subsistence agriculture, handicrafts, and tourism. Most families rely on multiple sources of food and income, with one adult dedicated to fishing and another to painting, for instance. The school age population is served by several primary schools and a secondary school on Mancarron.

11. (U) Like the rest of Rio San Juan, the development of all

industries on Solentiname is hampered by a lack of infrastructure and transportation links. All electricity comes from solar or diesel powered generators. Those who can afford the service use Costa Rican cell phones (Nicaraguan service providers only have a signal at the highest points of San Fernando and Mancarron) and must pay international charges to communicate with clients in Managua. A public ferry services the islands only three days a week from San Carlos, and private "lanchas" charge US\$120 for a round-trip visit to the islands.

¶12. (SBU) Unlike most of the rural population in Rio San Juan, whose loyalty is with the Liberal parties (reftel), the people of Solentiname sympathize with the FSLN and regard priest, poet, and FSLN activist Ernesto Cardenal as virtually their patron saint. Island native and owner of the Solentiname Guesthouse Maria Guevara Silva spoke reverently of Cardenal, dividing Solentiname's history into two eras: pre-Ernesto (before 1975) and post-Ernesto. According to Guevara, Cardenal spearheaded literacy and environmental awareness campaigns in the islands. He taught people how to paint their surroundings in the now-famous "primitivist" style. Cardenal gave the islanders a "reason to live" and a "sense of community," explained Guevara. According to her, Cardenal still visits Solentiname frequently, and we witnessed on Mancarron a village constructed to house pilgrims visiting Cardenal. The village contains a giant, incongruous red and black iron monument to the FSLN, as well as a "library" displaying indigenous artifacts, international awards given to Cardenal, portraits of FSLN revolutionary leaders, moldering stacks of socialist literature, and the Harry Potter series translated into Spanish. The Hotel Mancarron, one of the oldest and largest in the archipelago, is currently closed due to a legal dispute between German investors and local Cardenal supporters.

¶13. (U) International groups have supported the construction of two artists cooperatives in Solentiname -- one in Mancarron and the other in San Fernando. The San Fernando cooperative, with over 50 members, is sponsored by the "Massachusetts Friends of Solentiname" and takes a 20 percent commission on all artwork sold to sustain itself. The best "primitivist" artists are able to charge several hundred dollars for their work -- a fortune in the islands. ACRA has constructed a museum on San Fernando that illustrates the islands' history and natural resources.

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